

ICS 77-2119

17 Feb. 1977

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MEMORANDUM FOR:

Deputy to the DCI for the
Intelligence Community

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FROM

:

Director of Performance Evaluation
and Improvement

SUBJECT

:

Redraft of PRM-11 and Comments

1. This proposed draft of PRM/NSC 11 attempts to do three things:

a. It levies a comprehensive review including most of the substance of the earlier (Hoskinson) draft;

b. It separates in a suitable way what should be separated, namely the management and performance issues from the legal environment issues;

c. And, most important, it gives the DCI the kind of central leadership role -- not dictatorial role -- that he should have in this review.

2. There are several reasons why DCI leadership is crucial: First, the key Community management issue is the balance between responsibilities and authorities. Numerous past studies and directives, dominated by those who did not have to implement them (including the Schlesinger study of 1971 and Executive Order 11905), dodged or fuzzed this fundamental issue. They ended up giving the DCI responsibility for rationalizing Community resource allocations that exceeded his authority or power to achieve in an effective and convenient way. This is not to say that the Executive Order was a misstep or that working with it is impossible. It is just very difficult, and probably unnecessarily difficult, to achieve its objectives with the powers it provides. The essential point is this: People who do not have to bear

NSC Review Completed.

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the responsibility for a management result almost always underestimate the problems of achieving them through vague, collegial, committee-like instruments.

3. The second reason why the DCI should be put in charge is that such a role at this time is crucial for his image, his reputation, his standing as the man to whom the President looks for wise and fair stewardship of US national intelligence affairs. After all the President's talk about fully relying on his senior officers to manage in their spheres of responsibility, not putting the DCI in charge would prejudice the effective outcome of the review, whatever the specific decisions resulting turned out to be. It would say, in effect, the President does not really want the DCI to manage the national intelligence community.

4. There are several important reasons why it is possible for DCI leadership of the major portion of this review to be fair and balanced. First, as this draft does, the President can outright tell him to take full account of all options, and all agencies' views of them. Now, if these words are not credible, it is not the DCI who has a problem but the President who has a problem. Moreover, there is no practical way the DCI can so cook the books that the Secretary of Defense cannot have his full day in court with all the arguments raised up to him from his vast domain.

5. Second, I recall that Secretary Brown reportedly told you and Mr. Knoche that the DCI should take the lead in this review. This ought to take some of the wind out of the argument that Defense will never go along with DCI leadership.

6. Third -- and this argument gets close to hitting below the belt, but I believe it still is true -- the Department of Defense is not necessarily the best judge of its own best interest in intelligence management matters. With all the responsibility and all the power, what has the Department of Defense done to rationalize the so-called national-tactical interface, to make the Defense Intelligence Agency and the Service intelligence elements effectively meet the many intelligence needs of the department, to examine fully the pros and cons of [] and find a proper place in the budget for it? With all its many, more important, and conflicting concerns, Department of Defense management simply has not had much time for

25X1

S E C R E T

effectively managing those intelligence activities it fully controls. Why have all the studies on intelligence resource management looked, not to the Secretary of Defense, who owns 80 percent of them, but to the DCI to make sense of it all? Not just because he is independent, but because intelligence is his full-time job; he has no other.

7. Following are some additional comments on specific points of the proposed PRM to help explain, justify, and, if necessary, fall back gracefully:

Note 1, Page 1: It may be desirable for the President to sign this PRM, saying "I direct" I have seen one draft PRM (#10) which would carry his signature. I called Hoskinson to ask, in passing, if they have any ground rules on which ones he personally signs. Evidently they do not. But it would surely add to the credibility of the instructions.

Note 2, Page 1: The charge to the SCC, headed by Brzezinski, is more than a mere bone. It tells the senior working level of the NSC machinery, in effect, to take seriously the task of looking at its intelligence needs and developing some reliable way of conveying them. In part it would be a forced learning process for the new team, but it would also, early in the review, help to set the ultimate substantive goals and priorities of intelligence management that the DCI is supposed to pursue.

Note 3, Page 1: This review of past performance could rely on recent studies such as the IC Staff Semiannual Review for the NSC -- which the previous Administration never really came to grips with. And we could feed the second semiannual review into this SCC effort with, hopefully, more substantial results.

Note 4, Page 2: This look at mechanisms is intended to embrace such functions as OAG, WSAG, and it could also include PFIAB.

Note 5, Page 2: Here is the crunch! The DCI is indicated as the chairman of the PRC for the main body of this review. The arguments for this are in the opening paragraphs of this memorandum. But we could

S E C R E T

retain the essence of DCI leadership if the chairman were Brzezinski while the DCI was charged to run the study effort and personally report the results to the PRC. If we went this way, we would have to get a clear understanding from Brzezinski that, while chairing the review meeting of the PRC, he would not try to organize the study himself or micro-manage the proceedings. In any case, a senior NSC staffer should be represented in the actual working machinery that produces the study.

Note 6, Page 3 and 4: The language of the Hoskinson draft PRM makes it clear that the review should not only look at the DCI's management responsibilities under present or alternative structures, nor merely at areas outside his responsibilities that directly affect them, but also at how purely departmental intelligence management meets departmental needs. This is supposed to be a national level review of all US foreign intelligence. Thus, for example, the role and control of foreign service reporting is a germane topic.

Note 7, Page 4: We include counterintelligence as a major management issue for the DCI. We dropped a bullet on covert action, but it would naturally be addressed under the first bullet on DCI roles.

Note 8, Page 4: This omnibus item on intelligence planning, evaluation, and improvement is there in part because Hoskinson told me the study had to go beyond responsibilities, powers, and organization; it had to say something about how, in fact, the DCI would seek to optimize performance and resource allocations; by what tools, methods, and suborganizations. Clearly this would get into, among other things, his staff organizations, the role and use of NFIB, data bases and management techniques for controlling resources, zero-base budgeting, the committee structure, etc.

Note 9, Page 5: Assigning the job on the legal environment to the Attorney General seems proper for a number of reasons. He is the lawyer of the President and the Executive Branch. In the matter of legal powers, the DCI might be seen to have credibility

S E C R E T

problems in an area of greater public concern than resource management. Putting the Attorney General role here would force him, and the subordinates he puts on this job, to take seriously the national security imperatives of the subject, which his predecessor seems to have failed to do. "Close collaboration with the DCI" would assure that the DCI's interests get a fair shake. Incidentally, if Brzezinski is designated to chair the PRC on intelligence management, it might be wise that he also chair the one on intelligence law, with the Attorney General and the DCI as chief rapporteurs. Putting the Attorney General in the chair here would only further emphasize the DCI's less exalted role on the second task.

8. Ultimately, I would expect the President to chair a full meeting of the NSC to make decisions on the whole package. How the PRM process leads from study tasking to Presidential decision, in a procedural sense, is still somewhat confused. Those on the NSC Staff whom I have asked about this say they know it is confused now but that it will get sorted out in time. They protest that preoccupation with procedures now is the hallmark of a petty bureaucrat. I wonder how long it will take them to learn that confused procedures usually reveal weak leadership and tend to leave the petty bureaucrats in charge.

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Attachment:

17 February 1977 Draft of
PRM/NSC 11

Distribution:

Original - D/DCI/IC

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DRAFT
17 February 1977

Presidential Review Memorandum/NSC-11

TO : The Vice President
The Secretary of State
The Secretary of Defense

ALSO: The Secretary of the Treasury
The Attorney General
Director, Office of Management and Budget
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence
The Administrator, Energy Research and
Development Administration

SUBJECT: The Structure, Missions, and Functions of United
States Foreign Intelligence

The President¹ has directed a comprehensive review of the structure, missions, and functions of United States foreign intelligence. This review shall be conducted in three parts:

1. The NSC Special Coordination Committee² shall examine the needs for intelligence on the part of the President, the NSC, senior departmental decisionmakers, policy and force planners, military commanders, diplomatic representatives, and Congress. Specifically, this part of the review shall examine:
 - Recent Intelligence Community performance in meeting such needs.³

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- The scope and quality of intelligence support policymakers can be expected to need in the near and mid-term (out five years), and the expected priority among major substantive areas;
- Present and possible alternative mechanisms for expressing intelligence needs to producing organizations.
- Present and possible alternative mechanisms by which policymakers influence intelligence operations and intelligence support to crisis management.⁴

This portion of the review shall be completed by 15 May 1977.

2. Under the Chairmanship of the Director of Central Intelligence⁵, the Policy Review Committee (PRC) shall review the structure and missions of United States foreign intelligence organizations and management entities. The basis for this review shall be a comprehensive report prepared under the auspices of the Director of Central Intelligence with participation of all agencies of the Intelligence Community. This report shall examine, make appropriate

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recommendations on, and identify all major differing views regarding the following issues:

- The responsibilities and powers of the Director of Central Intelligence as principal foreign intelligence advisor to the President, chief authority in the production of national intelligence, and senior manager of the National Foreign Intelligence Program and Budget.
- The organizational structure of and lines of command authority within the United States Intelligence Community, particularly as between the Director of Central Intelligence and departmental Secretaries.
- The composition and scope of the National Foreign Intelligence Program (NFIP) and budget, the process of its preparation, the process of its approval by the President and Congress, and the relationship of non-NFIP intelligence-related activities to the NFIP process.
- Departmental intelligence structures, their adequacy in meeting departmental intelligence needs, and their relationship to alternative national intelligence management structures.⁶

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- The management implications of increased support to military operations on the part of national intelligence systems and organizations, and of the intelligence supplied to national decision-makers by tactical military intelligence elements.⁶
- The effectiveness, organization, and management of United States counterintelligence activities.⁷
- Mechanisms for planning, evaluating, and improving Intelligence Community performance in rationally tasking collection requirements on all sources, processing and analyzing intelligence, and producing needed intelligence, including warning and crisis support.⁸

This report may examine any other matters essential to the sound management of United States foreign intelligence. It should present carefully prepared alternative options for organizing the Intelligence Community. Such options should address, but need not be limited to:

- Preserving and improving present arrangements under Executive Order 11905.
- Adding to the line authority of the Director of Central Intelligence over national intelligence collection programs; for example, National Security Agency and special reconnaissance activities.

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- Separating the role of the Director of Central Intelligence as Community manager from the role of Director of the Central Intelligence Agency.
- Separating intelligence analysis and production from all collection, operational, and intelligence-related research and development activities.

This report shall be completed by 15 July 1977.

3. Under the chairmanship of the Attorney General⁹, the NSC-PRC shall conduct a thorough review of and make recommendations pertaining to the legal environment in which United States foreign intelligence functions. With the close collaboration of the Director of Central Intelligence, the Attorney General shall prepare a report that:

- Assesses the current legislation, legal guidelines, and oversight mechanisms governing foreign intelligence operations;
- Proposes regulations and legislation that assure the effective conduct of foreign intelligence and counterintelligence operations, the reliable protection of intelligence sources and methods, the effective oversight of intelligence operations by proper Executive and Legislative authorities,

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and the protection of the civil rights, privacy,
and the right to information of the American
people.

This report shall be completed by 15 July 1977.

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